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Via EMAIL and FEDEX

November 12, 2009

Mr. Paul Parker Chief
Hospital Services Policy and Planning, Certificate of Need
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215-2299

RE: Washington Adventist Hospital Response to identify and briefly describe
changes to the October 26, 2009 Modification.

Dear Paul:

Attached please find our response to your letter dated November 4, 2009.

I hereby certify that a copy of the modified CON application has been sent to the Montgomery County Health Department and other individuals and entities identified in the distribution list below.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Hall'.

Christopher C. Hall
Sr. Director Strategic Planning

cc: Ulder J. Tillman, M.D., MPH, Montgomery County Health Department
Ms. Pamela W. Barclay
Mr. Joel Riklin
Ms. Nadine Conner
Ms. Ruby Potter
Suellen Wideman, Esquire
Ms. Kathie Hulley
Susan Silber, Esquire
Mr. Gerard Schmith
Howard L. Sollins, Esquire
John J. Eller, Esquire
Jack Tranter, Esquire
Stephen J. Sfekas, Esquire

We demonstrate God's care by improving the health of people and communities through a ministry of physical, mental and spiritual healing.

Washington Adventist Hospital • Hackettstown Regional Medical Center • Adventist Home Care Services • Shady Grove Adventist Hospital
Adventist Senior Living Services • Potomac Ridge Behavioral Health • Adventist Rehabilitation Hospital of Maryland
The Reginald S. Lourie Center for Infants and Young Children • Adventist Physician Services • Lifework Strategies

PART I – PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. Legal Name of Project Applicant, Address, Phone Number, Name of Owner/Chief Executive

 Change X **No Change**
Brief Description of Change:

2. Legal Name of Project Co-Applicant, Address, Phone Number, Name of Owner/Chief Executive

 Change X **No Change**
Brief Description of Change:

3. Name of Facility, Street (Project Site), City, Zip, County

 Change X **No Change**
Brief Description of Change:

4. Name of Owner (if different than applicant)

 Change X **No Change**
Brief Description of Change:

5. Representative of Co-Applicant, Address, Phone Number

 Change X **No Change**
Brief Description of Change:

6. Person(s) to whom questions regarding this application should be directed

 Change X **No Change**
Brief Description of Change:

7. Brief Project Description

 X **Change** **No Change**
Brief Description of Change:
Text has been abbreviated.

8. Legal Structure of License

 Change X **No Change**
Brief Description of Change:

9. Current Physical Capacity and Proposed Changes

 Change X **No Change**
Brief Description of Change:

10. Project Location and Site Control

 X **Change** **No Change**
Brief Description of Change:

(A&B) and (C)(1-4)– No change; (C)(5) includes response from completeness questions dated May 29,2009.

11. Project Implementation Target Dates

☒ **Change**

☐ **No Change**

Brief Description of Change:

Change in date for obligating capital, pre-licensure/first use and full utilization.

12. NA

13. NA

14. Project Description

☒ **Change**

☐ **Change**

Brief Description of Change:

The revised Project Description highlights a less costly full-service facility that best enables the hospital to meet the needs of the communities. The revised Project Description also provides additional narrative on the Village of Well-being at the Takoma Park campus.

15. Project Drawings

☒ **Change**

☐ **No Change**

Brief Description of Change:

Reflective of the removal of the penthouse and the inclusion of the square footage of the dining terrace.

16. Features of Project Construction

☐ **Change**

☒ **No Change**

Brief Description of Change:

CHART 1. Project Construction Characteristics and Costs

☒ **Change**

☐ **No Change**

Brief Description of Change:

Chart 1 reflects changes to the first floor and the removal of the penthouse. In addition there were updated to the site prep costs and the offsite costs. In addition, a Chart 1 for the Parking Garage-North and South are included.

PART II – PROJECT BUDGET

☒ **Change**

☐ **No Change**

Brief Description of Change:

Incorporated project cost savings and changes as outlined in Chart 1.

PART III – CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR 10.24.01.08G(3):

10.24.01.10 – The State Health Plan Acute Care Hospital Services

A. General Standards

1. Information regarding Charges

☒ **Change**

☐ **No Change**

Brief Description of Change:

Incorporated response from May 29, 2009 completeness response

2. Charity Care Policy
Change X No Change
Brief Description of Change:

3. Quality of Care
Change X No Change
Brief Description of Change:

B. Project Review Standards

1. Geographic Accessibility
X Change No Change
Brief Description of Change:
Incorporated response from May 29, 2009 completeness response

2. Identification of Bed Need and Addition of Beds
X Change No Change
Brief Description of Change:
In the "originally filed" CON application, compliance was demonstrated because the 218 proposed MSGA beds for Washington Adventist Hospital (WAH) was above the forecasted minimum net need of -61 beds, but below the maximum net bed need of 221 for 2016. In the "modified" CON application, as updated, the State Health Plan MSGA bed need methodology identifies a minimum need for 1,267 MSGA beds in Montgomery County, and a minimum net bed need of +173 beds.

3. Minimum Average Daily Census for Establishment of a Pediatric Unit
Change X No Change
Brief Description of Change:

4. Adverse Impact
X Change No Change
Brief Description of Change:
Two sentences were added discussing the charity care of the Village of Well-being.

5. Cost Effectiveness
X Change No Change
Brief Description of Change:

In the "originally filed" CON application, we outlined all of the factors considered in the decision to replace and relocate the hospital from Takoma Park to the White Oak site in order to demonstrate the cost-effectiveness of the project. At the heart of this analysis were the factors which compared the alternative of building a replacement hospital to undertaking an expansion and renovation project on-site. Four objectives were addressed, including the future role of the Hospital in the Regional Disaster Network to provide sufficient surge capacity to respond to a potential public health emergency or catastrophe.

In the "modified" CON application, the objective of the replacement hospital to provide that additional surge capacity was omitted, and responses to completeness questions were incorporated which addresses shell space, and more detailed information on the information and criteria which informed the analysis and decision to replace and relocate the Hospital.

6. Burden of Proof Regarding Need

☒ **Change**

☐ **No Change**

Brief Description of Change:

In the "modified" CON application, an updated forecast of surgical utilization at the Hospital was provided based on actual YTD statistics for 2009.

7. Construction Cost of Hospital Space

☒ **Change**

☐ **No Change**

Brief Description of Change:

The changes incorporate the revised design where the first floor changed slightly and the penthouse was removed.

8. Construction Cost of Non-Hospital Space

☒ **Change**

☐ **No Change**

Brief Description of Change:

Incorporates the square footage and cost changes.

9. Inpatient Nursing Unit Space

☒ **Change**

☐ **No Change**

Brief Description of Change:

Incorporated response from May 29, 2009 completeness response

10. Rate Reduction Agreement

☒ **Change**

☐ **No Change**

Brief Description of Change:

Clarifying language on WAH's ROC position is provided.

11. Efficiency

☒ **Change**

☐ **No Change**

Brief Description of Change:

Clarifying language provided on efficiencies in staffing.

12. Patient Safety

☐ **Change**

☒ **No Change**

Brief Description of Change:

13. Financial Feasibility

☒ **Change**

☐ **No Change**

Brief Description of Change:

Changed to match assumptions in data found in Tables 1 & 3 and further clarifying language provided.

14. Emergency Department Treatment Capacity and Space

☒ **Change**

☐ **No Change**

Brief Description of Change:

In the "modified" CON application, we: 1) provided an update to the forecast of visits to the WAH ED based on YTD statistics for 2009, and reduced the forecast of future ED visits through 2015, 2) addressed the change in the design of the ED in the replacement facility with respect to plans for the observation unit, and 3) clarified that the modest projected increase in future ED visits to the replacement hospital included consideration of the changes in the aging of the

population over time, improved geographic access to the new location, and continued access to the Hospital's services through referrals and transfers from the proposed urgent and primary care center to be developed on the Takoma Park campus.

15. Emergency Department Expansion

☒ **Change**

☐ **No Change**

Brief Description of Change:

Minor clarifying language provided. Additional language on our health and wellness initiatives is provided.

16. Shell Space

☒ **Change**

☐ **No Change**

Brief Description of Change:

Language and data are reflective of the design.

10.24.01.08G(3)(b). Need

☒ **Change**

☐ **No Change**

Brief Description of Change:

In the "modified" CON application, we: 1) provided an update to the forecasted need for MSGA beds in Montgomery County hospitals incorporating the actual MSGA utilization statistics for the first six months of 2009, 2) amended the need analysis to show the need for MSGA, OB and Psych services among residents of the total service area of WAH, not only the primary service area (revised utilization and population statistics were provided consistent with the change), 3) provided an updated forecast of surgical utilization at the Hospital based on actual YTD statistics for 2009.

TABLE 1: STATISTICAL PROJECTIONS – ENTIRE FACILITY

☒ **Change**

☐ **No Change**

Brief Description of Change:

In the "modified" CON application, we provided a revised TABLE 1 to reflect YTD 2009 utilization.

TABLE 2: STATISTICAL PROJECTIONS – PROPOSED PROJECT

☐ **Change**

☒ **No Change**

Brief Description of Change:

10.24.01.08G(3)(c). Availability of More Cost-Effective Alternatives

☐ **Change**

☒ **No Change**

Brief Description of Change:

10.24.01.08G(3)(d). Viability of the Proposal

☒ **Change**

☐ **No Change**

Brief Description of Change:

Incorporated response from May 29, 2009 completeness response

TABLE 3: REVENUES AND EXPENSES – ENTIRE FACILITY (including proposed project)

 X **Change** **No Change**

Brief Description of Change:

A revised TABLE 3 was provided in the modified application which reflects: 1) 2009 actual YTD utilization and financial results, 2) projected volume changes and ALOS changes through 2015, 3) the revised financing plan for the Project.

TABLE 4: REVENUES AND EXPENSES- PROPOSED PROJECT

 Change X **No Change**

Brief Description of Change:

10.24.01.08G(3)(e). Compliance with Conditions of Previous Certificates of Need

 Change X **No Change**

Brief Description of Change:

10.24.01.08(3)(f). Impact on Existing Providers

 X **Change** **No Change**

Brief Description of Change:

In the “modified” CON application, we incorporated our response to a completeness question which asked us to provide an assessment of the impact of the project on existing providers. This response was provided as a hypothetical example in order to assure that the original application would be docketed for review.

TABLE 5. MANPOWER INFORMATION

 X **Change** **No Change**

Brief Description of Change:

Data is reflective of the changes noted under “Table 1” above.

**PART IV – APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY,
AUTHORIZATION AND RELEASE OF INFORMATION AND SIGNATURE**

 X **Change** **No Change**

Brief Description of Change:

Response to (2) captured a name change. Potomac Ridge Behavioral Health has been changed to Adventist Behavioral Health.